

## Message Text

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21

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 PM-04 INR-07 L-03 ACDA-07

NSAE-00 PA-01 SS-15 PRS-01 SP-02 USIA-06 TRSE-00

SAJ-01 DODE-00 EB-07 /067 W  
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P R 220930Z SEP 76  
FM AMEMBASSY BUDAPEST  
TO USMISSION NATO PRIORITY  
INFO SECSTATE WASHDC 7012

LIMITED OFFICIAL USE BUDAPEST 3294

E.O. 11652: N/A  
TAGS: ECON, ENRG, EEWHT, HU  
SUBJ: ECONDADS: AGENDA FOR SEPT 23 MEETING

REF: NATO 5053

1. EMBASSY HAS UNFORTUNATELY NOT HAD TIME TO EXAMINE DETAIL AC"127-WP"482. BRIEF REVIEW INDICATES PAPER IS WELL-BALANCED AND BASICALLY ACCURATE. EMBASSY HAS FAMILIAR PHILOSOPHIC PROBLEM WITH MIXING RUBLES AND DOLLARS WHEN DESCRIBING FOREIGN TRADE (SECTION H, PARA 44-51).

2. IN ADDITION, FIGURE FOR 1975 HARD CURRENCY TRADE DEFICIT IN PARA 44 IS NOT CORRECT. DATA USED APPARENTLY TAKEN FROM HUNGARIAN EURODOLLAR BORROWING PROSPECTUS WHICH REPORTS TRADE WITH GATT COUNTRIES ONLY. FOR ACCURATE TRADE FIGURES SEE BUDAPEST A-19 AND BUDAPEST 2852 (BOTH SENT USNATO).

3. PARA 45. COMPARISON OF HUNGARIAN TERMS OF TRADE IS MORE USEFUL IF DONE ON YEAR BY YEAR BASIS. THIS METHOD WOULD REFLECT LARGER DETERIORATION IN RUBLE TRADE TERMS IN 1975 THAN IN HARD CURRENCY TRADE; THIS REVERSED 1974 SITUATION (SEE BUDAPEST 1458 AND A-44, SENT USNATO).

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4. WESTERN BANKERS GENERALLY FEEL HUNGARY'S OVERALL

INDEBTEDNESS IS SOMEWHAT MORE THAN \$2 BILLION, NOT  
LESS (PARA 49).

5. PARA 51 MENTIONS "INTERNAL EXPORT FORINT" WITHOUT  
DEFINING OR EXPLAINING. THIS IS IMPORTANT NEWS; IF  
IT IS TRUE, INFORMATION NEEDS MORE DETAILED  
EXPLANATION. IN ADDITION, STATEMENT THAT EXPORTING  
FIRMS RECEIVE 20 PERCENT TAX REFUND IS OVERSIMPLIFICA-  
TION (SEE BUDAPEST A-67; EMBASSY POUCHING COPY TO  
USNATO).

MUDD

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## Message Attributes

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